

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served on all interested parties in accordance with the Texas Rules of Civil Procedure and TEX. INS. CODE ANN. § 443.007(d) this 15th day of December 2009.

Mr. Tom Collins, Special Master
by serving his Docket Clerk, Ms. Jean Sustaita
Texas Department of Insurance
333 Guadalupe, Tower III, 5th Fl., MC-305-1D
Austin, Texas 78701
VIA FACSIMILE: 512/490-1023
Email: jean.sustaita@tdi.state.tx.us

Ms. John Walker
Ms. Leanne Layne
Ms. Rachel Giani
Texas Department of Insurance
P.O. Box 149104
Austin, Texas 78714
VIA FACSIMILE: 512/490-1023
VIA FACSIMILE: 512/475-1843
Email: john.walker@tdi.state.tx.us
Email: leanne.layne@tdi.state.tx.us
Email: rachel.giani@tdi.state.tx.us

Ms. Karen Pettigrew, Asst. Attorney General
Attorney General's Office – Financial Litigation
P.O. Box 12548
Austin, Texas 78711-2548
VIA FACSIMILE: 512/477-2348
Email: karen.pettigrew@oag.state.tx.us

Mr. James E. Davis, Atty for Southern Star Title
Locke, Lord, Bissell & Liddell, L.L.P.
100 Congress Avenue, Suite 300
Austin, Texas 78701
VIA FACSIMILE: 391-4708
Email: jdavis@lockelord.com

Mr. Bruce McCandless
Mr. Burnie Burner
Mitchell, Williams, Selig, Gates & Woodyard
106 E. 6th Street, Suite 300
Austin, Texas 78701
VIA FACSIMILE: 512/322-0301
Email: bmccandless@mwlaw.com
Email: bburner@mwlaw.com

Mr. Randall W. Hill
Hill & Villarreal, P.C.
719 S. Shoreline, Suite 300
Corpus Christi, Texas 78401
VIA FACSIMILE: 361/883-0612
Email: rhill@hvlegal.com

Mr. Darryl Lemke
Bank of South of Texas
506 E. Dove Avenue
McAllen, Texas 78504
VIA FACSIMILE: 956/664-0954
Email: darryl.lemke@banksouthtexas.com

Mr. Edmundo O. Ramirez, Atty for R. Ibanez
Ellis, Koeneke & Ramirez
1101 Chicago
McAllen, Texas 78501-4822
VIA FACSIMILE: 956/682-0820
Email: eor@ekrattorneys.com

Brian E. Riewe

Brian E. Riewe

**Southern Star Title Company, LLC, in Receivership
Statement of Expenses**

**For Period Ending
11/30/09**

| | Total Sep | Total Oct | Total Nov | Total Quarter |
|---------------------------------------|----------------------|----------------------|----------------------|--------------------------|
| SDR | | | | |
| Jennifer Ramsey, PC | | | | |
| SDR | 0.00 | 0.00 | 0.00 | 0.00 |
| SDR | 3,159.00 | 2,106.00 | 2,925.00 | 8,190.00 |
| Paralegal | 220.50 | 283.50 | 328.50 | 832.50 |
| Attorney | 250.00 | 37.50 | 425.00 | 712.50 |
| Expenses | 18.95 | 75.50 | 34.04 | 128.49 |
| Total SDR Billing | 3,648.45 | 2,502.50 | 3,712.54 | 9,863.49 |
| SDR Subcontractors - Legal | | | | |
| Brian E Riewe, PC | | | | |
| Attorney | 5,490.00 | 1,485.00 | 2,047.50 | 9,022.50 |
| Attorney | 1,250.00 | 250.00 | 1,625.00 | 3,125.00 |
| Paralegal | 2,064.00 | 904.00 | 712.00 | 3,680.00 |
| Paralegal | 12.50 | 17.50 | 0.00 | 30.00 |
| Attorney | 4,865.00 | 1,977.50 | 2,397.50 | 9,240.00 |
| Expenses | 185.64 | 137.63 | 12.14 | 335.41 |
| Total Billing | 13,867.14 | 4,771.63 | 6,794.14 | 25,432.91 |
| Shackelford Melton & McKinley | | | | |
| Attorney | 580.00 | 0.00 | 0.00 | 580.00 |
| Expenses | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Billing | 580.00 | 0.00 | 0.00 | 580.00 |
| Total Legal Subcontractors | 14,447.14 | 4,771.63 | 6,794.14 | 26,012.91 |
| SDR Subcontractors - Other | | | | |
| Balboa Services, Ltd Co | | | | |
| Accountant | 1,538.50 | 671.50 | 382.50 | 2,592.50 |
| Accountant | 105.00 | 336.00 | 378.00 | 819.00 |
| IT Administrator | 115.00 | 0.00 | 0.00 | 115.00 |
| Expenses | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Billing | 1,758.50 | 1,007.50 | 760.50 | 3,526.50 |
| The Warren Group | | | | |
| Accountant | 0.00 | 0.00 | 2,340.00 | 2,340.00 |
| Accountant | 0.00 | 0.00 | 1,950.00 | 1,950.00 |
| Expenses | 0.00 | 0.00 | 57.00 | 57.00 |
| Total Billing | 0.00 | 0.00 | 4,347.00 | 4,347.00 |
| Total Other SDR Subcontractors | 1,758.50 | 1,007.50 | 5,107.50 | 7,873.50 |

Receivership Service Providers

| | | | | |
|--------------------|--------------|-------------|--------------|--------------|
| Wells Fargo | 0.00 | 0.00 | 10.00 | 10.00 |
| Texas Treasury | 11.16 | 0.00 | 0.00 | 11.16 |
| Total Other | 11.16 | 0.00 | 10.00 | 21.16 |

Liquidation Oversight Allocation

| | | | | |
|-----------------------------------|------------------|------------------|------------------|------------------|
| RLO Allocation | 0.00 | 1,926.95 | 1,816.48 | 3,743.43 |
| Special Master's Fees | 0.00 | 50.66 | 4.13 | 54.79 |
| Total RLO & SM Expense | 0.00 | 1,977.61 | 1,820.61 | 3,798.22 |
| Total Expenses | 19,865.25 | 10,259.24 | 17,444.79 | 47,569.28 |

Southern Star Title Company, LLC, in Receivership
Statement of Net Assets

For the Period Ending
11/30/09

| Line | | 11/30/09 |
|--------------------------|--|---------------|
| Cash | | |
| 1 | Cash - Unrestricted | 20,245 |
| Investments | | |
| 2 | Short-Term Investments | |
| 3 | Bonds, Preferred Stocks & Common Stocks | |
| 4 | Investments in Subsidiaries, Controlled or Affiliated Entities | 576,823 |
| | Allowance for Collectability | (576,241) |
| 5 | Mortgage Loans | |
| 6 | Real Estate | |
| 7 | Policy Loans | |
| 8 | Other Invested Assets | |
| Reinsurance | | |
| 9.1 | Reinsurance Recoverables on Paid Losses & LAE | |
| 9.1A | Allowance for Reinsurance on Paid Losses & LAE | |
| 9.2 | Reinsurance Recoverables on Unpaid Losses & LAE | |
| 9.2A | Allowance for Reinsurance on Unpaid Losses & LAE | |
| 9.3 | Reinsurance Recoverables on UEP & Contingent Commissions | |
| Receivables | | |
| 10 | Salvage & Subrogation Recoveries | |
| 11 | Premiums Due & Accrued from Agents & Policyholders | |
| 12 | Receivable from Parents, Subsidiaries & Affiliates | |
| 13 | Accrued Investment Income | |
| 14 | Receivable from Guaranty Associations - Early Access Payments | |
| Other Assets | | |
| 15.1 | FF&E | 2,500 |
| 15.2 | Prepaid Expenses | |
| 16 | Other Assets | |
| Restricted Assets | | |
| 17.1 | Restricted - Statutory Deposits | |
| 17.2 | Restricted - Funds held by or deposited with Reinsured Companies | |
| 17.3 | Restricted - Separate Accounts & Protected Cell Accounts | |
| 17.4 | Restricted - Other | |
| 18 | Total Unrestricted Assets | 23,327 |
| 19 | Total Restricted Assets | 0 |
| 19A | Net Assets not Categorized | |
| 20 | Total Assets | 23,327 |

**Southern Star Title Company, LLC, in Receivership
Statement of Net Assets**

**For the Period Ending
11/30/09**

NOTES

Ref No.

4 This item represents a \$582.00 note to an employee Cynthia Garcia and a \$576,240.94 escrow shortage with the obligation going to Ibanez. An allowance has been set up for the \$576,240.94 owed by Ibanez. This amount is in litigation and may reflect only a portion of the total due from him. This entry is based on the amount the company booked pre-receivership and the SDR is investigating the entry and the amount may subsequently be adjusted based on the results of that investigation.

15.1 This item is an estimate of the value of computer equipment

R-543

Southern Star Title Company, LLC, in Receivership
Changes in Net Assets

For Period Ending
11/30/09

| Line | | Qtr Ending 08/31/09 | Qtr Ending 11/30/09 | Change |
|--------------------------|--|------------------------|------------------------|----------|
| Cash | | | | |
| 1 | Cash - Unrestricted | 87,561 | 20,245 | (67,315) |
| Investments | | | | |
| 2 | Short-Term Investments | | | 0 |
| 3 | Bonds, Preferred Stocks & Common Stocks | | | 0 |
| 4 | Investments in Subsidiaries, Controlled or Affiliated Entities | 576,823 | 576,823 | 0 |
| | Allowance for Collectability | (576,241) | (576,241) | 0 |
| 5 | Mortgage Loans | | | 0 |
| 6 | Real Estate | | | 0 |
| 7 | Policy Loans | | | 0 |
| 8 | Other Invested Assets | | | 0 |
| Reinsurance | | | | |
| 9.1 | Reinsurance Recoverables on Paid Losses & LAE | | | 0 |
| 9.1A | Allowance for Reinsurance on Paid Losses & LAE | | | 0 |
| 9.2 | Reinsurance Recoverables on Unpaid Losses & LAE | | | 0 |
| 9.2A | Allowance for Reinsurance on Unpaid Losses & LAE | | | 0 |
| 9.3 | Reinsurance Recoverables on UEP & Contingent Commissions | | | 0 |
| Receivables | | | | |
| 10 | Salvage & Subrogation Recoveries | | | 0 |
| 11 | Premiums Due & Accrued from Agents & Policyholders | | | 0 |
| 12 | Receivable from Parents, Subsidiaries & Affiliates | | | 0 |
| 13 | Accrued Investment Income | | | 0 |
| 14 | Receivable from Guaranty Associations - Early Access Payments | | | 0 |
| Other Assets | | | | |
| 15.1 | FF&E | 2,500 | 2,500 | 0 |
| 15.2 | Prepaid Expenses | | | 0 |
| 16 | Other Assets | | | 0 |
| Restricted Assets | | | | |
| 17.1 | Restricted - Statutory Deposits | | | 0 |
| 17.2 | Restricted - Funds held by or deposited with Reinsured Companies | | | 0 |
| 17.3 | Restricted - Separate Accounts & Protected Cell Accounts | | | 0 |
| 17.4 | Restricted - Other | | | 0 |
| 18 | Total Unrestricted Assets | 90,643 | 23,327 | (67,315) |
| 19 | Total Restricted Assets | 0 | 0 | 0 |
| 19A | Net Assets not Categorized | | | 0 |
| 20 | Total Assets | 90,643 | 23,327 | (67,315) |

R-543

**Southern Star Title Company, LLC, in Receivership
Statement of Net Liabilities**

**For Period Ending
11/30/09**

| Line | | 11/30/09 |
|---------------------------------------|---|--------------------|
| 1 | Secured Claims | 18,099 |
| 2 | Special Deposit Claims | |
| Administrative | | |
| 3 | Administrative Claims - State/Receiver | |
| | Special Deputy Receiver, Subcontractors Fees & Expenses | 15,614 |
| | Liquidation Oversight & Special Master's Fees | 1,821 |
| | Unsecured Loans | 178,000 |
| 4 | Administrative Claims - Guaranty Assns | |
| | Claims Paid | |
| | Reserves | |
| 5 | LAE - Guaranty Assns | |
| | Claims Paid | |
| | Reserves | |
| Loss Claims | | |
| 6 | Loss Claims - Guaranty Assns | |
| | Loss Claims Paid | 187,710 |
| | Reserves | |
| 7 | Loss Claims - Other | |
| | Loss Claims Paid | |
| | Reserves | |
| 8 | LAE - Other | |
| 9 | Unearned & Advance Premium Claims (Non Assessable Policies) - GA | |
| 10 | Unearned & Advance Premium Claims (Non Assessable Policies) - Other | |
| 18 | Unearned Premium Claims (Assessable Policies) - GA | |
| Other Creditors | | |
| 11 | Federal Government Claims | 145,741 |
| 12 | Employee Claims | 6,027 |
| 13 | General Unsecured Creditor Claims (Other than Reinsurance Related) | 125,886 |
| 14 | Ceded Reinsurance Related Unsecured Claims | |
| 14.1 | Assumed Reinsurance Related Unsecured Claims | |
| 15 | State & Local Government Claims | |
| | State & Local Governments/Attorneys | 176 |
| | State & Local Governments - Penalties | |
| 16 | Late Filed Claims - Unexcused | |
| 17 | Surplus Notes | |
| 19 | Unearned Premium Claims (Assessable Policies) - Other | |
| 20 | Shareholder Claims | 165,145 |
| 21 | Other Liabilities | |
| | Interest | |
| | Other | 410,744 |
| 22 | Total Liabilities | 1,254,962 |
| 23 | Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities | (1,231,634) |
| Total Liabilities & Equity | | 23,327 |

R-543

**Southern Star Title Company, LLC, in Receivership
Statement of Net Liabilities**

**For Period Ending
11/30/09**

NOTES

All amounts recorded based on adjudicated claims unless otherwise specified

Ref. No.

4 \$178,000 is balance of loans from abandoned property fund

6 This item represents payments by TTIGA on escrow Shortage

20 Funds due Santo Andrei Investments

21 This item is comprised of Escrow funds and payment due TTIGA for

R-543

Southern Star Title Company, LLC, in Receivership
Changes in Net Liabilities

For Period Ending
11/30/09

| Line | | Qtr Ending 08/31/09 | Qtr Ending 11/30/09 | Change |
|------------------------|---|------------------------|------------------------|-----------------|
| 1 | Secured Claims | 18,099 | 18,099 | 0 |
| 2 | Special Deposit Claims | | | 0 |
| Administrative | | | | |
| 3 | Administrative Claims - State/Receiver | | | 0 |
| | Special Deputy Receiver, Subcontractors Fees & Expenses | 41,602 | 15,614 | (25,988) |
| | Liquidation Oversight & Special Master's Fees | 1,591 | 1,821 | 230 |
| | Unsecured Loans | 178,000 | 178,000 | 0 |
| 4 | Administrative Claims - Guaranty Assns | | | 0 |
| | Claims Paid | | | 0 |
| | Reserves | | | 0 |
| 5 | LAE - Guaranty Assns | | | 0 |
| | Claims Paid | | | 0 |
| | Reserves | | | 0 |
| Loss Claims | | | | |
| 6 | Loss Claims - Guaranty Assns | | | 0 |
| | Loss Claims Paid | 186,210 | 187,710 | 1,500 |
| | Reserves | | | 0 |
| 7 | Loss Claims - Other | | | 0 |
| | Loss Claims Paid | | | 0 |
| | Reserves | | | 0 |
| 8 | LAE - Other | | | 0 |
| 9 | Unearned & Advance Premium Claims (Non Assessable Policies) - GA | | | 0 |
| 10 | Unearned & Advance Premium Claims (Non Assessable Policies) - Other | | | 0 |
| 18 | Unearned Premium Claims (Assessable Policies) - GA | | | 0 |
| Other Creditors | | | | |
| 11 | Federal Government Claims | 145,741 | 145,741 | 0 |
| 12 | Employee Claims | 6,027 | 6,027 | 0 |
| 13 | General Unsecured Creditor Claims (Other than Reinsurance Related) | 125,886 | 125,886 | 0 |
| 14 | Ceded Reinsurance Related Unsecured Claims | | | 0 |
| 14.1 | Assumed Reinsurance Related Unsecured Claims | | | 0 |
| 15 | State & Local Government Claims | | | 0 |
| | State & Local Governments/Attorneys | 176 | 176 | 0 |
| | State & Local Governments - Penalties | | | 0 |
| 16 | Late Filed Claims - Unexcused | | | 0 |
| 17 | Surplus Notes | | | 0 |
| 19 | Unearned Premium Claims (Assessable Policies) - Other | | | 0 |
| 20 | Shareholder Claims | 165,145 | 165,145 | 0 |
| 21 | Other Liabilities | | | 0 |
| | Interest | | | 0 |
| | Other | 412,244 | 410,744 | (1,500) |
| 22 | Total Liabilities | 1,280,720 | 1,254,962 | (25,758) |
| 23 | Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities | (1,190,078) | (1,231,634) | (41,557) |
| | Total Liabilities & Equity | 90,643 | 23,327 | (67,315) |

**R-543 Southern Star Title Company, LLC, in Receivership
Sources & Uses of Cash**

**For Period Ending
11/30/09**

| Line | Qtr Ending Nov-09 |
|--|----------------------|
| Income | |
| 1 Premium Receipts | 0 |
| 2 Settlements | 0 |
| 3 Policy Loan Receipts | 0 |
| 4 Proceeds from Sale of Real or Personal Property | 0 |
| 5 Reinsurance Recoveries | 0 |
| 6 Salvage & Subrogation Recoveries | 0 |
| 7 Agents' Balances Received | 0 |
| 8 Collection of Affiliate Receivables | 0 |
| 9 Recovery of Taxes Previously Paid | 0 |
| 10 Other Receipts | 6,000 |
| 11 Total Operational Receipts | 6,000 |
| 12 Interest & Dividend Receipts | 12 |
| 13 Net Cash Provided by Investment Activities | 0 |
| 14 Total Cash Receipts from Investment Activities | 12 |
| 15 Total Cash Receipts | 6,012 |
| Operational Expenses | |
| 16 Deputy Receiver & Consulting Fees & Expenses | 15,947 |
| 17 Employee Salaries, P/R Taxes & Employee Benefits | 0 |
| 18 Rent, Office & Other Facility Expenses | 0 |
| 19 Legal Fees & Expenses | 48,492 |
| 20 Accounting & Auditing Fees & Expenses | 5,300 |
| 21 SGA - Administration Expenses other than LAE | 0 |
| 22 Ancillary Administration Expenses | 3,568 |
| 23 Other Disbursements | 21 |
| 24 Total Operational Disbursements | 73,328 |
| Investment Expenses | |
| 25 Investment Expenses | 0 |
| 26 Purchase of Invested Assets | 0 |
| 27 Total Disbursements for Investment Activities | 0 |
| Claims Paid | |
| 28.1 Losses/Benefit Payments - SGA | 0 |
| 28.2 Losses/Benefit Payments - Non SGA | 0 |
| 28.3 Losses/Benefit & LAE Payments - Special Deposits | 0 |
| 29.1 LAE Payments - SGA | 0 |
| 29.2 LAE Payments - non SGA | 0 |
| 30 Early Access Payments | 0 |
| 31 Reinsurance Payments | 0 |
| 32 Total Cash Distributions | 0 |
| 33 Total Cash Disbursements & Distributions | 73,328 |
| 34 Net Increase(Decrease) in Cash | (67,315) |
| 35 Cash at Beginning of Period | 87,561 |
| 36 Cash at End of Period | 20,245 |